

**MINUTES  
AUDIT SUBCOMMITTEE  
OF THE  
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 445, State Capitol Building, Salt Lake City, Ut, Monday, July 8, 2013 from 9:00 a.m. to 11:00 a.m.

Committee Members Present:      President Wayne Niederhauser, Co-Chairman  
   Speaker Rebecca Lockhart, Co-Chairman  
   Senator Gene Davis  
   Representative Jennifer Seelig

Legislative Audit Staff:      John Schaff, Auditor General  
   Rick Coleman, Deputy Auditor General  
   Tim Osterstock, Audit Manager  
   Darin Underwood, Audit Manager  
   Lynda Maynard, Recording Secretary  
   David Gibson, IT Auditor  
   Janice Coleman, Perf Audit Supervisor  
   Kade Minchey, Perf Audit Supervisor  
   Wayne Kidd, Perf audit Supervisor  
   Karleen Capell, Perf Auditor  
   Jesse Martinson, Sr Perf Auditor  
   Matthias Boone, Perf Auditor  
   Jake Dinsdale, Perf Auditor  
   Derek Olson, Perf Auditor  
   Michael Allred, Perf Auditor

Other Interested Parties:      Geoffrey Landward, Deputy Dir., DWS  
   Mike Haddon, Deputy Director, Dept of Corrections  
   Jacob Dunn, BCI  
   Dr. Gregory Stauffer, Assoc. Comm, St Board of Regents  
   Todd Kiser, Commissioner, Ut Dept of Insurance  
   Spencer Jenkins, St Board of Regents  
   Darren Marshall, Mgr., Audit & Finance, St Board of Regents  
   Arnie Combe, Vice Pres, Admin Services Univ of Utah  
   Gordon Wilson, Asst Vice Pres, Auxiliary Services, University of Utah  
   Dwight Davis, Asst Vice Pres., Business, Utah State University  
   Bryce Bird, Director, DEQ/DAQ  
   Rep Kay Christofferson

Rep LaVar Christensen  
Senator Howard Stephenson  
Eric Isom, CenturyLink  
Rod Boogaard, Asst Division Dir., Tax Commission  
Bob Bernick, *Utah Policy*  
Antone Clark, *Standard Examiner*  
Taylor Anderson, *SL Tribune*

## 1. Call to Order

Speaker Lockhart called the meeting to order at 9:00 a.m.

## 2. Approval of Minutes

Motion: Senator Davis made a motion that the minutes from May 7, 2013, Audit Subcommittee meeting be approved. The motion passed unanimously.

### 3a. A Limited Review of Fugitives and Inmates Inappropriately Receiving Public Assistance (Report #2013-06)

Presented by: Kade Minchey, Audit Supervisor

#### Discussion following Presentation

Geoffery Landward, Deputy Director, Dept of Workforce Services (DWS), responded to the audit and stated that DWS has already taken action with reference to the recommendations. Mr. Landward said DWS has contacted both the Dept of Corrections and Dept of Public Safety to help incorporate data matches, albeit there are cost considerations with data matches. DWS wants to come up with a system that will give DWS the most accurate information in the most timely manner.

Motion: Senator Davis made a motion that the **Limited Review of Fugitives and Inmates Inappropriately Receiving Public Assistance** (Report #2013-06) be referred to the Law Enforcement & Criminal Justice Interim Committee and the Economic Development & Workforce Services Interim Committee. The motion passed unanimously.

### 3b. A Performance Audit of Higher Education's Competition with the Private Sector (Report #2013-05)

Presented by: David Gibson, Audit Supervisor

## Discussion following Presentation

Dr. Gregory Stauffer, Associate Commissioner, State Board of Regents, introduced Darren Marshall, Manager of Audit and Financial Services who has been working directly with the campuses. Dr. Stauffer said the Board of Regents appreciates the auditors efforts and hard work and the State Board of Regents concurs with their recommendations for the need to review and update the general policy and will work to insure policy compliance.

Gordon Wilson, Assistant Vice President, Auxiliary Services, University of Utah (U of U), said the U of U worked closely with the legislative auditors and discussed why the University chose to organize and set up the Red Zone Stores. Mr. Wilson said that the U of U feels they meet the spirit of the policy and they believe their community outreach ties their relationship with their fan base.

Motion: President Niederhauser made a motion to refer the **Performance Audit of Higher Education's Competition with the Private Sector** (Report #2013-05) to the Revenue and Taxation Interim Committee, the Business and Labor Interim Committee and the Education Interim Committee; emphasizing the need to involve the private sector in the discussions and to specifically ask the Revenue and Taxation Interim Committee to look at the sales tax practices that are inconsistent. The motion passed unanimously.

Speaker Lockhart told those present that **A Performance Audit of Sand and Gravel Air Quality Permitting and Compliance** (Report #2013-04) and **A Performance Audit of the Department of Insurance** (Report #2013-07) are being released but not formally presented to the Audit Subcommittee.

Commissioner Todd Kiser, Utah Department of Insurance, expressed his appreciation to each member of the audit team. Commissioner Kiser said he wants better communication within the Insurance Department with the agents in order to provide better information and improve relationships with independent agencies.

Motion: Senator Davis made a motion that the **A Performance Audit of Sand and Gravel Air Quality Permitting and Compliance** (Report #2013-04) be referred to the Natural Resources, Agriculture and Environment Interim Committee and the Transportation Interim Committee. The motion passed unanimously.

Motion: Senator Davis made a motion that the **Performance Audit of the Department of Insurance** (Report #2013-07) be referred to the Business and Labor Interim Committee and the Government Operations Interim Committee. The motion passed unanimously.

### **3. New Audit Request**

After discussions concerning an audit of the Wolf de-listing contract appropriation and in-depth audit of the attorney generals' office, the following motions were made.

Motion: Senator Davis made a motion that the Auditor General look at how the \$300,000 allocated/appropriated in fiscal year 2013 for the Wolf de-listing contract was spent and used. The motion passed unanimously.

Motion: Senator Davis made a motion that the Audit Subcommittee ask the Auditor General's Office to do a scope of issues in the Attorney General's Office and come back in two months with their findings. The motion passed unanimously

### **4. Other Business**

John Schaff, Auditor General, discussed a request he received from the media asking that they be given access to digital copies of the "embargoed" audit reports prior to the Audit Subcommittee meetings.

Motion: President Niederhauser made a motion that the Audit Subcommittee allow "embargoed" copies of the audits be digitally sent to the media upon request the day prior to the reports being presented to the Audit Subcommittee. The motion passed unanimously.

### **5. Adjournment**

Speaker Lockhart adjourned the meeting at 11:00 a.m.